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STATE FOR NEA, NEA/IPA, NEA/PPD

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NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

Leading media reported that PM Ehud Olmert and PA President Mahmoud Abbas met on Sunday. Ha'aretz reported that Abbas demanded that Olmert release more prisoners as a goodwill gesture, to which Olmert reportedly replied that he would only release prisoners as part of the Shalit deal.

Makor Rishon-Hatzofe reported that PM Olmert and Secretary Rice favor the immediate signing of an Israeli-Palestinian accord, while FM Tzipi Livni, Deputy PM Shaul Mofaz, DM Ehud Barak, and PA Chairman Mahmoud Abbas are opposed. Yesterday Ha'aretz reported that Israel and the PA will aim for a peace deal by the end of this year. On Sunday Ha'aretz reported that Olmert is pressing Abbas to accept a framework deal. On Sunday Yediot quoted a senior U.S. administration official in Washington as saying in a conversation with the newspaper that the U.S. administration has come to the conclusion that Abbas has lost interest in achieving an agreement with the Olmert government and that he has begun to adopt extremist positions both in order to improve his standing against Hamas and in advance of the establishment of new governments in the U.S. and Israel. The American official denied vehemently the statements that Abbas made during a visit to Beirut that the U.S. would support the return of Palestinian refugees to Green Line Israel.

Leading media reported that GOI officials revealed yesterday that two attempts by Hizbullah to kidnap Israeli businessmen abroad in retaliation for the February assassination of Imad Mughniyah were foiled by Israeli security services. Yediot reported that Israel warned the kidnappers of an Israeli businessman captured in Nigeria ---- against handing him over to Hizbullah. The kidnapped Israeli was released yesterday.

The Jerusalem Post quoted Turkish sources as saying that yesterday there was no new date scheduled for the fifth round of indirect talks in Turkey between Syrian and Israeli negotiating teams.

On Sunday The Jerusalem Post quoted a senior PA official as saying over the weekend that the Israeli government has informed the PA that it has no objections to the release of jailed Fatah leader Marwan Barghouti.

Yesterday Ha'aretz reported that Israel told the U.S. on Sunday that it was prepared to withdraw from the northern part of Ghajar along the Lebanese border, a change in its policy for the past year and a half of not wanting to discuss the issue. Ha'aretz quoted a GOI source in Jerusalem as saying the decision was made after the Lebanese government delivered written assurances that UNIFIL would be given security and civilian control over the northern part of the village, which is in Lebanese territory.

Israel Radio quoted the Kuwaiti newspaper Al-Rai as saying that Hamas leader Khaled Mashal has move from Damascus to Sudan. Palestinian sources were quoted as saying that this is the result of an agreement between him and the Syrian authorities and thanks to progress in negotiations between Israel and Syria.

Israel Radio quoted the London-based newspaper Ash-Sharq Al-Awsat as saying that some Hamas elements are not ruling out direct negotiations with Israel on the release of Gilad Shalit. Ha'aretz reported that "Israeli and Palestinian sources seem to agree on one thing: The negotiations for the release of Gilad Shalit are stuck." The newspaper quoted Israeli security sources involved in the negotiations over Shalit as saying that no significant progress was achieved in recent talks. The sources were quoted as saying that a ministerial meeting on Sunday to reevaluate the criteria for releasing Palestinian prisoners was meant as a signal to Hamas about Israel's willingness to be flexible. However, the sources said that Hamas has taken an even tougher stance. Palestinian sources were also quoted as saying that negotiations are going nowhere. Ha'aretz reported that Gilad Shalit's father Noam met two weeks ago with French President Nicolas Sarkozy. Shalit asked that Sarkozy discuss his son with Syrian President Bashar Assad, whom he is scheduled to meet in Damascus tomorrow for an official visit. On Sunday Ha'aretz reported that Israel sent a message to Hamas on Sunday, telling it to retract its demand that Israel free more than 1,000 Palestinian prisoners in exchange for Shalit's release. Leading media reported that 1,000 Palestinians have been released since Shalit was abducted.

On Sunday Ha'aretz quoted Arab sources as saying that Hamas recently laid a pipeline for supplying Gaza with fuel from Egypt. The newspaper also reported that Gazans operate 200 tunnels between Egypt and Rafah.

Over the weekend Minister Shaul Mofaz accused FM Livni of wanting to

divide Jerusalem, similar to Benjamin Netanyahu's blaming Shimon Peres in 1996 of harboring the same intentions at the time.

Leading media quoted an IDF source as saying yesterday that the soldiers who fired rubber bullets at a mentally ill man in the West Bank village of Na'alim acted appropriately. The man, Awad Srur, was seriously injured after he tried to snatch a soldier's gun. He lost an eye and is now hospitalized in Ramallah. The soldiers were trying to arrest Srur's brother, who had thrown a tear gas grenade at them during a demonstration. The IDF source's comments came after a Central Command investigation of the incident.

Yesterday Ha'aretz cited newly released CIA documents according to which Henry Kissinger instructed the CIA to continue diplomatic contacts with Yasser Arafat's PLO representatives before the 1973 Yom Kippur War, even after Arafat ordered the kidnapping and murder of the American ambassador and his deputy in Khartoum.

On Sunday The Jerusalem Post reported that Maj. Gen. Amos Gilad has been named the temporary coordinator of government activities in the territories.

Ha'aretz quoted former Israeli ambassador to Washington Danny Ayalon, who has joined Avigdor Lieberman's Yisrael Beiteinu party, as saying yesterday that Galilee Arabs constitute a secessionist threat.

Yediot and Israel Hayom reported that the Jerusalem District Court confirmed a U.S. ruling that the PA has to pay over \$116 million to the Unger family, whose parents were killed in a 1996 terrorist attack. Israel Hayom reported that the Israeli court ruled that the American sentence can be applied in Israel.

Various media reported that yesterday the High Court of Justice rejected a petition that it strip former MK Azmi Bishara of both his citizenship and his pension.

Maariv reported that tomorrow in Jerusalem right-wing MK Arie Eldad will screen the anti-Islam Dutch film "Fitna."

The Jerusalem Post reported that the army recently expelled 91 Africans who crossed the border into Israel from Egypt -- in violation of its own procedures, which it presented to the High Court of Justice less than four months ago.

The Jerusalem Post reported that the Palestinian Campaign for the Academic and Cultural Boycott of Israel has called on former Beatle Paul McCartney to cancel his upcoming show in Israel, saying that "Palestinian dispossession and Israeli apartheid are not cause for celebration."

Mideast:

Summary:

Senior columnist and longtime dove Yoel Marcus wrote in the independent, left-leaning Ha'aretz: "If one Israeli soldier is worth a thousand prisoners in their eyes, the honor is all ours -- and the shame theirs. Before that sinks in, we must do everything to bring Shalit home, whatever it costs."

Professor Eyal Zisser, the Chairman of the Department of Middle Eastern History at Tel Aviv University, wrote in an online service: "The truce ... serves Israel's short-term interests, but fails to solve for it the fundamental problem that is inherent to Hamas's control over the Gaza Strip."

Giora Eiland, the former head of Israel's National Security Council, wrote in the mass-circulation, pluralist Yediot Aharonot: "The time has arrived to begin thinking about other solutions. One of them is a return not to the 1967 borders but to the situation that reigned until 1967, when Jordan controlled the West Bank."

Senior Middle East affairs analyst Zvi Bar'el wrote in Ha'aretz: "Will Israel have the right response if Russia decides that the time

has come to intervene in our little conflict?"

Block Quotes:

I. "Unique Freedom"

Senior columnist and longtime dove Yoel Marcus wrote in the independent, left-leaning Ha'aretz (9/2): "Our inability to free Shalit is a kind of impotence that we haven't seen around here since the disappearance of Israeli navigator Ron Arad. Apart from the humanitarian aspect, every day Shalit sits in captivity eats away at our power of deterrence. But when Hamas says it will not settle for less than a thousand prisoners in exchange for Shalit, we have reason to be proud. If one Israeli soldier is worth a thousand prisoners in their eyes, the honor is all ours -- and the shame theirs. Before that sinks in, we must do everything to bring Shalit home, whatever it costs."

II. "The Calm in Gaza -- Situation Assessment"

Professor Eyal Zisser, the Chairman of the Department of Middle Eastern History at Tel Aviv University, wrote in an online service (8/31): "Ostensibly, it would seem that the truce agreement plays into Hamas's hands.... Now that calm is in place, Hamas can dedicate itself to rehabilitating its standing in the Gaza Strip, to replenishing its forces and outposts, to smuggling weapons in, to building its military strength in anticipation of future needs. All this can be pursued under Israel's watchful eye, but without Israel doing a thing to stop it. It seems, however, that the facts on the ground are a little bit different. The fact is that Hamas's standing and situation hasn't improved and has remained poor even in the absence of Israeli military pressure.... The truce, therefore, serves Israel's short-term interests, but fails to solve the fundamental problem that is inherent to Hamas's control over the Gaza Strip. In order to deal with that problem, the Israeli leadership is going to have to take a long-term strategic view and to evince determination and resolve and mainly political might, which currently do not exist."

III. "The Jordanian Option"

Giora Eiland, the former head of Israel's National Security Council, wrote in the mass-circulation, pluralist Yediot Aharonot (9/2): "The maximum that the Israeli government (any government) will be able to offer the Palestinians (and survive politically) falls short of the minimum that the Palestinian government (any government) can agree to accept (and survive politically). The real disparity between the parties is enormous and, with the passage of time, it is only getting bigger, not smaller. Furthermore, if one were to compare the conditions that reigned eight years ago to the current conditions, it is plain to see that the current conditions are far worse. We will briefly note five elements that have changed for the worse: 1. The state of the leadership -- the Clinton-Barak-Arafat trio enjoyed far stronger national and international support than the Bush-Abu Mazen-Olmert trio does. 2. In July 2000, when the process began, the second Intifada had not yet erupted.... 3. The rise of Hamas -- today it is clear that if a final status arrangement is achieved, provided Hamas doesn't derail it, there is a high probability that the Palestinian state on the West Bank will be controlled by Hamas. From Israel's perspective this will involve not only 'painful concessions' but taking an unreasonable risk. 4. Lack of trust between the parties. 5. New military threats ... provide yet another reason for pausing to reconsider the security risks entailed. In light of the above, the following question becomes clear: On the basis of what should we assume that what failed eight years ago, when the conditions were so much better, will succeed now? In practical terms, there are two conclusions that can be drawn. One, that this final status arrangement, even if its components are known to all, will not be achievable in the foreseeable future. The other is that the time has arrived to begin thinking about other solutions. One of them is a return not to the 1967 borders but to the situation that reigned until 1967, when Jordan controlled the West Bank."

IV. "If Russia Shows Interest in the Conflict"

Senior Middle East affairs analyst Zvi Bar'el wrote in Ha'aretz

(8/31): "According to Russia's rationale, if the United States could dispatch the destroyer Cole off Lebanon's shores in March, Russia can send its warships to Syria's port. Because from now on, anything the United States can do, Russia can do, and maybe with even greater force and brutality.... If this were a matter of ideology, we would see Russia, a member of the international Quartet, working overtime to resolve the Israeli-Palestinian conflict, or at least encouraging dialogue between Israel and Damascus. If it were a matter of checking America's diplomatic strength in the region, Bashar Assad would have returned from his recent visit to Moscow with a pile of missiles, and not a cool promise for only defensive weapons, and only if he pays in cash. It may be possible to stop panicking from the Syrian-Russian ties, but it is best not to fall into diplomatic hibernation. Regional conflicts have always given powers reason to intervene, and Russia may renew its ambitions in this direction. Will Israel have the right response if Russia decides that the time has come to intervene in our little conflict? To become an active member of the Quartet? To recognize Palestinian independence as it recognized Abkhazia? Because if Russia becomes interested in the conflict, this may cause the United States to move, and this would be cause for panic."

CUNNINGHAM